

CAPITAL PLANNING ADVISORY BOARD

Minutes of the Sixth Meeting of the 1997 Calendar Year

October 20, 1997

The sixth meeting of the Capital Planning Advisory Board (CPAB) of the 1997 calendar year was held on Monday, October 20, 1997 at 9:00 AM, in Room 327 of the Capitol. Representative Fred Nesler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Fred Nesler, Chairman; Bill Hintze, Vice-Chairman; Representative Lawrence Brandstetter; Susan Clary; Kevin Flanery (representing James Codell); Bonnie Howell; Paul Isaacs; Lou Karibo; Senator Denny Nunnolley; Senator Albert Robinson; Diane Thompson; Laurel True; Judge Anthony Wilhoit.

Guests: Pat Mooney, Kentucky Higher Education Assistance Authority; Lt. Danny Ball, Kentucky State Police; Commissioner Doug Sapp, Department of Corrections; Gary Cloyd and Gary Grogan, Workforce Development Cabinet; Joseph Walls, Public Protection and Regulation Cabinet; Nick Schwendeman, Administrative Office of the Courts; Ron Bingham, Director, and Nancy Ward, EMPOWER Kentucky; Doug Robinson, Executive Director, Kentucky Information Resources Management Commission; Secretary Roy Peterson, Education, Arts, and Humanities Cabinet; Mary Allen, University of Kentucky; Bart Hardin, Office of Financial Management and Economic Analysis; Allen Holt, Governor's Office for Policy and Management; Jerry Bailey and Wanda Meeks, LRC.

LRC Staff: Pat Ingram, Mary Lynn Collins, and Jonathan Downey.

Chairman Nesler said the first item on the agenda was the approval of the minutes from the October 2 meeting. Mr. Hintze moved that the minutes be approved. The motion was seconded and passed by voice vote.

Chairman Nesler introduced Commissioner Ralph Kelly of the Department of Juvenile Justice (DJJ) to address the Capital Planning Advisory Board (CPAB) and to answer questions from Board members.

Commissioner Kelly introduced Mike Mullins, Director of the Division of Administration; Gary Sewell, Director of Detention Programs; and Ray DeBolt, General Council for the Department.

In response to a question from Ms. Clary, Commissioner Kelly said the three pre-adjudicative facilities already approved for construction in Breathitt, McCracken, and Campbell counties have not been completed. He said the Breathitt County facility is due to open in mid December and construction on the other 2 facilities probably will not begin until next year. Ms. Clary asked when the Campbell County facility will come on-line, noting that the settlement agreement calls for the current facility to close March 1, 1999 and there is concern that the new facility will not be ready. Ms. Clary said the state has not operated these types of facilities in the past, and asked whether the counties will be participating in their cost. Commissioner Kelly said DJJ has a detention plan, to be implemented over the next 4-5 years, that calls for the state to operate detention statewide. This plan has been approved by the Governor, but will require some legislation before it can be implemented. The plan calls for the state to begin sharing the cost with the counties with a \$30 reimbursement in the first year of the biennium and a \$60 reimbursement in the second year of the biennium. The balance of the cost will be borne by the county. Commissioner Kelly said the plan also calls for the state to control the cost to ensure counties across the state will not be over-charged for housing a juvenile. As the state becomes more involved in the process, only the actual amount the county bears when housing a juvenile from another county may be assessed. Ms. Clary said this has been a significant problem for some time. Commissioner Kelly said DJJ may seek legislation to give it more authority in determining where

certain juveniles are detained. He said the Department has determined that some juveniles who commit Class D felonies may not need to be housed in locked detention.

Commissioner Kelly said part of the overall plan for detention is to develop alternatives to detention. He said to fund these alternatives, the state must bring itself into compliance with the federal OJJDP Act. Kentucky and Wyoming are the only states not in compliance with this Act. When Kentucky does come into compliance it could receive \$1.1 million in federal funds. There will also be funds sought from the operating budget of the Department. Ms. Clary asked if the Board could receive a copy of the Department's plan and said the Board has supported alternatives to juvenile detention in the past and will continue to do so.

Ms. Clary asked who would monitor the three pre-adjudication facilities when they do come on-line. Commissioner Kelly said DJJ has a quality assurance program and an Ombudsman in place that provide monitoring of the facilities the state operates.

In response to a question from Mr. True, Commissioner Kelly said there are approximately 400 juveniles in detention at this time. He said with the expansion in the state's involvement in detention that over the next 3-4 years the state will operate approximately 650 beds. He said NCCD is working with the DJJ to determine its needs because the Department does not have much data on what types of juvenile offenders come through the system. The Department is planning for some growth, but is also planning to develop some alternatives to detention, which are much less expensive than housing a juvenile in secure detention.

Mr. True said DJJ is proposing 6 new facilities of 48 beds each in its capital plan. He asked how the Department determined it needed this many beds without proper data to work with. Commissioner Kelly said DJJ has received information from some counties, particularly in rural areas, that some juveniles should be placed in detention but the judge is sometimes unwilling to have the

juvenile transported over a long distance to a facility. He said the Department does not wish to construct an inadequate number of facilities, but also does not wish to provide too many beds. He said the Department needs the authority to determine whether some Class C and D felons should be housed in secure detention or in an alternative program. Commissioner Kelly said District judges have indicated they would be willing to employ alternatives to detention if they are available.

Mr. True said he is concerned, if all 6 facilities are constructed, the state may have built facilities it does not need. He said once these facilities are built and staffed, it would be difficult for the state to close these facilities if indeed they are not needed. Mr. True said he would rather see the state build a lesser number of facilities and concentrate more on preventive and alternative measures.

Commissioner Kelly said the Department would probably be concentrating on just 4 facilities at this time. He said there are some counties interested in building facilities as part of the Department's regional plan, and this possibility may be explored further. He said he agreed the state should not overbuild, but said DJJ feels the amount of growth being planned for is consistent with the need that will exist. He said this does not mean that every bed will be filled, particularly if the appropriate alternatives and prevention programs are developed.

Mr. Isaacs agreed that it would be an accomplishment to have empty beds due to the alternatives and prevention programs, but it would leave the state bonded for these empty beds. He said these proposed facilities are also a result of the need to reduce the distances juveniles must be transported to a detention facility. He asked if DJJ has considered building smaller 24-bed facilities with the option of expanding the facilities, if needed, at a later date. Commissioner Kelly said these smaller facilities are extremely costly to operate and the 48-bed facilities are much more cost-effective. Commissioner Kelly said the Department has a regional plan based on having a facility within a 60-minute - 60-mile radius, as instructed by Governor Patton.

Mr. DeBolt said the 48-bed facilities will be operated as 32-bed facilities in some regions of the state when they first open. There are "peak months" for juvenile detention and the facilities will not be fully staffed until the need increases. Mr. Isaacs asked why the state should be bonded for 20 years for 48-bed facilities when they will not be needed in the near future. Mr. DeBolt said during peak periods the beds will be needed. Ms. Clary said the locations were not specified in the information provided to the Board and therefore it cannot make a decision based on the needs of a particular area of the state. She said with the problems that occurred with the location of the Breathitt County facility, which was originally to be built in Rowan County, the state should proceed cautiously with these facilities. She asked if the Board could be provided with a copy of the Department's regional plan. Commissioner Kelly said the plan does specify the locations of the facilities, although Governor Patton has not made a final determination on these locations. He said he would be happy to provide the Board with a copy of the plan with the understanding that the locations will be determined by Governor Patton. Ms. Clary said local officials expect the county to operate the facility being built in Northern Kentucky and there is a of misunderstanding between state and local officials on this issue. Commissioner Kelly said DJJ is just starting to share its regional plan with local officials because the plan was approved by the Governor in recent weeks.

In response to a question from Mr. Isaacs, Commissioner Kelly said the Jefferson, Fayette, Daviess and Hardin facilities are state-of-the-art facilities and will be part of the regional plan. In response to a question from Ms. Clary, Commissioner Kelly said the Fayette County facility is planning to expand to approximately 75 beds and Jefferson County is also planning to expand.

Ms. Clary said the Board has been informed that the proposed maximum security facility, which has been a project the Board has recommended in the past, will be privatized. She said she recognized that several of the facilities in the state have received a poor rating and are in need of

extensive renovation, but she is concerned that DJJ does not have the authority to do this and asked how DJJ will work with private contractors to ensure that all guidelines and mandates will be complied with. She also asked if the facility would be operated privately and what types of juveniles would be held there. Commissioner Kelly said there will be a mix of population such as that currently housed in the Central Kentucky Treatment Facility (CKTC). In that facility, there are both youthful offenders and public offenders which the Department feels need to be housed in a secure program. Youthful offenders are currently placed in one of 5 different facilities based on the nature of their crime and treatment needs. These youthful offenders are not placed in group homes for security reasons. The state currently utilizes CKTC, which is a maximum security facility, as well as 2 other "closed" facilities, which are much more secure than the group homes. He said he would prefer that the facility be owned by the state but, due to the length of time it would take the state to build a facility, two problems necessitate that the facility be privately built. One is the poor physical condition of CKTC and the other is the number of youthful offenders and serious public offenders that DJJ is expecting in the future. He said the state is facing a serious problem and 80 beds in a maximum security facility are needed. DJJ will closely monitor the vendors and Department staff will visit the facility just as they visit the state-operated facilities. Commissioner Kelly said DJJ would ensure that the facility meets all requirement of the federal consent decree.

In response to a question from Chairman Nesler, Commissioner Kelly said a state-of-the-art facility would have individual rooms or cells for each juvenile and an appropriate recreation facility, both indoor and outdoor. At CKTC, there is dormitory living with no ability to isolate a juvenile except in an isolation room. There is no indoor recreation facility; therefore staff must shackle the juveniles, transport them to the gymnasium, secure the facility, and transport them back to the residence area. Commissioner Kelly said this is a security risk, but recreational activity must be provided.

Mr. Isaacs agreed there is a critical need for a maximum security juvenile facility. He asked if DJJ has the statutory authority to have this facility privately contracted. Commissioner Kelly said he has been informed by the Department's legal staff and the Justice Cabinet's general counsel that DJJ does have this authority. Ms. Clary said the only statute on privatization of prisons states that, for adult correctional facilities, the facility must be classified as housing minimum-security and restricted custody inmates.

In response to a question from Ms. Clary, Commissioner Kelly said CKTC is currently a 40-bed facility but is only operating at 32 beds due to a staffing shortage, which will be rectified with the graduation of the next training class. He said the proposed facility would be built at the 80-bed level because there is a need for 20 additional maximum security beds, and also to provide beds needed to house juveniles that may pose a security risk at a less secure facility.

Mr. Isaacs said he understands the need to construct the facility as quickly as possible but he is concerned that some litigation may result if the facility is privately operated. He asked if DJJ has considered making the Request for Proposals (RFP) for design and construction only, with the state operating the facility upon completion. Commissioner Kelly said DJJ has considered this option, but was informed that the built-to-suit process is as lengthy as state construction would be. Mr. Clary said she is concerned that this facility could be built without having been reviewed or approved by the legislature, which should be given the opportunity to review these projects.

Mr. Hintze said there are significant policy and public safety issues to be considered with this project, as well as legal and technical procedural issues. He said there is a distinction in statute related to the method of procurement that allows a contract proposal to move forward much more quickly than a built-to-suit facility of a certain size. If the built-to-suit proposal has an annual lease-purchase provision that would cost \$200,000 or more annually, it requires General Assembly authorization.

However, an RFP does not. He said the current statute only addresses adult correctional facilities and DJJ has been advised that it may proceed with the project. Mr. Hintze said the RFP is in its final review in the Finance and Administration Cabinet.

Mr. Isaacs said once a juvenile is waived he or she becomes an adult prisoner, and DJJ may wish to seek an opinion from its legal staff on this issue.

Chairman Nesler asked Commissioner Kelly to send the Department's regional plan to CPAB staff and thanked him for being present at the meeting.

Chairman Nesler asked Pat Ingram, Staff Administrator for the Capital Planning Advisory Board, to review the information items included in the meeting folders.

Ms. Ingram said the first information item contained the plan amendments that have been received from cabinets, agencies, and universities since the July CPAB meeting. These amendments were due on October 15. Included is an amendment from the Finance and Administration Cabinet which adds an Office Complex Infrastructure project, which was developed as a result of the Fantus Consulting study recommendation that the state begin reducing leased space by constructing state owned space in Franklin County. This project would involve infrastructure planning and construction to implement a campus concept for new buildings.

The second information item was a copy of correspondence from James Ramsey, Chair of the Kentucky Community and Technical College System (KCTCS) Statewide Transition Team, to Chairman Nesler concerning capital planning/budget issues resulting from enactment of the postsecondary education reform legislation. In his correspondence, Mr. Ramsey noted that the six-year capital plans which were independently developed by the University of Kentucky (UK) on behalf of the Community College System and by the Workforce Development Cabinet on behalf of the Kentucky Tech System are being consolidated into a single KCTCS plan. He further indicated that

rather than identifying individual projects for the KCTCS, a "pool concept" may be used for the 1998-2000 biennium only.

The next information item related to the October 7 meeting of the Council on Postsecondary Education (CPE). At this meeting, Mr. Ramsey outlined Governor Patton's budget priorities and goals for the 1998-2000 biennium. These include increasing the Budget Reserve Trust Fund, continuing the commitment to Juvenile Justice initiatives, and providing for completion of all EMPOWER Kentucky projects and for the School Facilities Construction Commission. There was also discussion at that meeting about the Strategic Investment and Incentive Funds created by House Bill 1 in the May 1997 Special Session. The Technology Initiative Trust Fund and the Physical Facilities Trust Fund, in particular, will involve capital projects. The CPE discussed possible allocation criteria for the Investment and Incentive Funds. (The May Special Session made appropriations to the Research Challenge, Regional University Excellence, and Postsecondary Workforce Development Trust Funds, but did not appropriate amounts to the other three Funds.) Proposed criteria for the Physical Facilities Trust Fund, as presented in materials distributed at the CPE meeting, are very similar to the description of the maintenance, technology, equipment, and government mandates pool as recommended to CPAB by the CPE. Specifically, the Conference of Presidents has recommended that the Fund be used for the renovation of physical facilities (to include deferred maintenance projects), that the funds be allocated to the institutions proportional to their respective share of total educational and general square footage factored by the age of the buildings, and that a one-to-one institutional match of funds be required.

The next information item contained copies of two bills that have been prefiled by the Subcommittee on Veterans' Affairs for the 1998 session of the General Assembly. The first would authorize and appropriate funds for two 120-bed veterans nursing homes. The second would create a

new section in KRS Chapter 36 to require the Department of Veterans' Affairs to establish and maintain state veterans' cemeteries.

The next information item concerned the construction of state office space in Florida. The State of Florida has undertaken a long-term project for the consolidation of state government services through construction of a 2 million GSF Capital Circle Office Complex in Tallahassee. A 270-acre site was donated to the state in 1989, and the master plan was completed in 1990. That master plan calls for the complex to be built in four phases with the completion of the entire project in 2012. Florida has also developed prototype building designs which are being constructed in this complex in Tallahassee as well as in other locations in Florida. According to Florida's Department of Management Services, these buildings "provide the adaptability government needs to operate efficiently under changing conditions." Features of the prototypes are focused in four main areas: accommodating floor plan changes, connecting with current and future technologies, reducing both short and long term maintenance, and incorporating energy efficiency measures. Benefits of the designs cited by the Department are: increased space utilization, reduced operating costs (energy-conservation features), reduced development time, and lower cost. According to the Department, it takes 13 months from start to finish to construct one of the prototypes, at a cost of \$87 per SF. The Capital Circle Complex has a central energy plant and utility costs are reported to be less than one-half of such costs at state offices in downtown Tallahassee. The Complex is being funded through the issuance of bonds and most agencies being housed there are being moved from leased space. The Department indicates they are also developing an urban (high rise) office prototype, to be used first in West Palm Beach, and a prototype for client service centers.

Representative Brandstetter said he would like the Board to get more information about Florida's efforts to consolidate their state agencies into state-owned space. Chairman Nesler asked staff

to obtain this information. Ms. Ingram said there is an internet site, developed by the state of Florida, that includes several pictures and descriptions of the buildings.

The final information item concerned Executive Order 97-1327, which abolishes the Capital Plaza Authority and establishes an Office of Capital Plaza Operations attached to the Office of the Secretary of the Finance and Administration Cabinet. The Capital Plaza Authority was established by statute in 1966 (KRS 58.210 - 58.315) as a seven-member public corporation. The new Office will be headed by an executive director and is to be responsible for the operation of the Capital Plaza Civic Center and related facilities. The order also abolishes the Joint Frankfort, Franklin County, Commonwealth of Kentucky Planning and Coordinating Committee and creates a Capital Development Committee. The new Capital Development Committee is "to ensure the proper coordination of state government initiatives which impact the City of Frankfort and Franklin County government and that are unique to the seat of state government." Administrative support for the Committee is to be provided by the Office of Capital Plaza Operations. The Executive Order notes that services provided by the Authority and the Joint Committee could be "enhanced by a more direct linkage to the Finance and Administration Cabinet" and that the changes would "enhance the Commonwealth's ability to address projects and needs of state government which impact and are unique to Frankfort and Franklin County."

Ms. Ingram said the meeting folders included a newspaper article which contains Governor Patton's comments concerning the state's projected surplus. Possible projects to be funded from the surplus include community development and parks projects, as well as additional funding of the Budget Reserve Trust Fund.

Chairman Nesler said the next item on the agenda was the approval of the 1996-2002 Statewide Capital Improvements Plan. At the last CPAB meeting, the Board discussed several recommendations to be included in the final plan, and Chairman Nesler asked Ms. Ingram to review them.

Ms. Ingram said the meeting folders included the revised drafts of two project related recommendations that the Board reviewed at the October 2 meeting. The major change in the Capital Priorities to be Financed from State Funds recommendation added language stating that the Board particularly recognizes that additional prison beds will be required to accommodate a projected prison population growth of 1,000 inmates per year and that the Justice Cabinet's capital plan includes various proposals to address this issue. The language states that the Board also urges that serious consideration be given to other proposed projects in which state or other funds have already been invested or for which appropriating state funds will leverage an investment of private funds.

Mr. True said he is concerned that the State Records Services Center project submitted by the Department of Libraries and Archives was not on this recommendation. He said he thought this would be a good project to consider due to the volume of materials stored throughout Frankfort which need to be in a more suitable environment.

Representative Brandstetter said in the 1996-98 budget approximately \$392 million was authorized for capital projects. The list before the Board totaled approximately \$628 million. Ms. Ingram said this includes the maintenance pools and state assistance programs, for which the Board is not recommending a specific funding level. Representative Brandstetter said he is opposed to including a \$100 million state office building project in the list because other alternatives are being considered, such as a campus-type environment. He said studies have shown that a high-rise building such as that proposed by the Finance and Administration Cabinet is not the best way to house state government. He

said the Board has been more interested in a campus environment where the state can add 50,000 to 100,000 square foot buildings as needed.

Ms. Howell said the \$100 million building was included in the Finance and Administration Cabinet's plan because there was not another option at that time. Since the plan was submitted, the Fantus Consulting study has been completed and a plan for a smaller building has been developed. Ms. Howell said the Cabinet's capital budget request would include a 250,000 square foot facility. There will also be an item in the budget request which would provide the infrastructure for a campus-type development. She said the Finance and Administration Cabinet agrees that the state should not build another high-rise building.

Representative Brandstetter asked if the Board should take the project off the list. Ms. Howell said she would like to see it stay on the list because it stresses the need for a building. She said the wording could be altered to reflect the Board's endorsement of a smaller building. Representative Brandstetter said he did not think the Board should send a recommendation to the Governor and General Assembly that included a project it did not fully support and would probably not be given consideration. He said the Board may wish to consider recommending a smaller building at a lower scope, which would be a more realistic recommendation. Ms. Howell said the Finance and Administration will probably propose a building with a scope of approximately \$42 million.

Mr. Hintze said the Board's focus has been on need and priority. The Board has endorsed the need for a new state office building since its inception, but there has been no responsive action other than the lease of more space. He said if the Board wished to state that it does not favor a high-rise building, he would agree. However, he said the project should remain on the list to continue to identify that this is an area which must be addressed. He said Kentucky is not the only state concerned with this

issue, as was demonstrated in the Fantus Consulting study that was presented to the Board at the July meeting.

Representative Brandstetter moved that the recommendation be changed to show the State Office Building project as a \$42 million project. In response to concerns from Mr. Flanery and Mr. True, Ms. Howell said the project being considered in Representative Brandstetter's motion was not the proposed office building for the Transportation Cabinet, but rather the \$100 million project that had been proposed in the Finance and Administration Cabinet's capital plan.

In response to a question from Mr. True, Ms. Howell said the Finance and Administration Cabinet is projecting in the capital budget a 350,000 square foot building for the Transportation Cabinet. This would allow the existing State Office Building to be vacated so that renovations can proceed in the most efficient and cost-effective manner. The State Office Building cannot be renovated until the employees can be relocated, and at this time there is no suitable location for this purpose. After this building is renovated, other major state office buildings can be renovated.

Mr. True seconded Representative Brandstetter's motion, which passed by voice vote.

Senator Nunnelley moved that the Consideration of Capital Priorities Recommendations section of the 1996-2002 Statewide Capital Improvements plan be approved as amended. Judge Wilhoit seconded the motion.

Representative Brandstetter said the Board discussed the need for prison beds at its last meeting. He said he would like the Board to consider the Blackburn Correctional Complex (BCC) 200-Bed Minimum Security Dorm project, the Kentucky Correctional Institution for Women (KCIW) Phase I Expansion project, and the New 1,790-Bed Medium Security Facility for Men project submitted by the Department of Corrections, as well as the UK Aging-Allied Health Building project. Mr. Karibo moved that the three Department of Corrections projects and the UK Aging-Allied Health

Building be added to the list of recommended projects. Representative Brandstetter seconded the motion.

Mr. Hintze said the three Department of Corrections projects are the top three non-maintenance projects for the Department, and they address discrete needs that cannot be overlapped. He said he was comfortable with the language as it currently exists, but he would also be comfortable if these three projects were added to the list. Ms. Ingram said the proposed 1,790-Bed Medium Security for Men project includes only funds for design. Mr. Hintze said that is correct, but if the design is completed within two years construction would start in the upcoming biennium.

Mr. Isaacs said he felt the current language was more powerful because it would provide flexibility while still stressing the needs for new facilities. He asked if the motion before the Board included only the three Department of Corrections projects or also the UK Aging-Allied Health Building. Mr. Karibo asked if Commissioner Doug Sapp of the Department of Corrections, who was present, could comment on those facilities.

Commissioner Sapp said these three projects deal with the need for additional beds due to the growing prison population. He said the second priority after maintenance is the new 1,790-Bed Medium Security Facility because it deals with a critical element of the population. The female population is the fastest growing area in the corrections system, which necessitates the need for the renovation at KCIW. He said the new dormitory at BCC is needed for additional beds and to replace a dormitory that was taken out of operation due to fire and health safety considerations.

In response to a question from Ms. Howell, Commissioner Sapp said these three projects would meet approximately 50% of the growth expected by the Department of Corrections. Mr. Isaacs asked if the prison population was expected to grow by 1,000 inmates per year. Commissioner Sapp said this

was a conservative estimate. The net growth for July was 160 inmates and the net growth for August was 132 inmates.

Chairman Nesler said the Board is very concerned with this situation and there was some discussion at the last meeting concerning the best way to show the Board's concern. Mr. Karibo said he feels the statement as it exists now would best convey the intent of the Board, and he withdrew his motion.

Representative Brandstetter said he is concerned with giving the Governor a list of priorities and also having broad policy statements to go with it. He said the Board is saying in this language that it cannot make a decision on which projects to recommend, and it wants to allow the General Assembly and Governor to do so. He said the General Assembly established the Board as a Board of citizens and elected officials to research and establish priorities. He said these recommendations go to the Appropriations and Revenue Committees on the two chambers and they may think the Board could not make up its mind on what it should recommend, and might consider the projects unimportant. He said this would diminish the Board's effectiveness.

Representative Brandstetter moved that the UK Aging-Allied Health Building project be added to the list of state funded projects being recommended by the Board. The motion died for lack of a second.

Representative Brandstetter moved that the three Department of Corrections projects be added to the list. Mr. Hintze seconded the motion, which passed by a show of hands.

Chairman Nesler said action would now be taken on Senator Nunnelley's motion, as amended. This motion passed by voice vote.

Chairman Nesler said this recommendation highlights the specific projects that the Board feels are the most important, with the understanding that there are a large number of other projects that are

worthwhile and deserve consideration. He said it is important to note that the Board considers maintenance of existing facilities to be its top priority.

Ms. Ingram said the draft plan before the Board does not contain the Transportation Cabinet's Six Year Road Plan. The Transportation Cabinet has informed the Board that it is not yet completed.

Senator Nunnelley commented that, in a recent speech, the Governor said only one half of the funds appropriated for the six year road plan have been allocated. He said the Board may wish to address this issue. Mr. Hintze said this is not a new problem and it is important to make a distinction between expended, allocated, obligated, and encumbered funds. The funds are not fully expended in the biennium they were appropriated. They are obligated in the Transportation Cabinet's Road Fund accounting system, so that they set up the money to completely fund a given phase or a given project through the phase authorized in the six-year plan. The funds stay in an internal escrow account, but do not get dispersed and expended definitively. This could be an issue the Board needs to look at in the future, but this does not imply there is flexibility in the way these funds are used.

Mr. Flanery said the funds are allocated just before the projects are actually awarded. The Transportation Cabinet is currently internally reviewing the processes and procedures of ways the funds could be expended rather than just obligated.

Chairman Nesler asked for a motion to approve the overall plan. Ms. Howell moved that the 1996-2002 Statewide Capital Improvements Plan be approved as amended. Ms. Clary seconded the motion, which passed by voice vote.

Chairman Nesler said any questions that arise as staff assembles and prints the final plans will be resolved by him and by Mr. Hintze. He asked the Board to keep in mind any changes which might be beneficial to the Board in the future.

Mr. True thanked staff for their work in developing this statewide plan. Chairman Nesler asked staff to keep members informed on the status of its recommendations. He said the next meeting will be in April or May of next year. He thanked the Board for its efforts in this planning process.

Ms. Howell moved that the meeting be adjourned. Mr. Isaacs seconded the motion, and the meeting was adjourned.